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## **FY FINANCIAL (SHENZHEN) CO., LTD.**

### **富銀融資租賃(深圳)股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 8452)**

## **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE FACTORING AGREEMENT**

### **THE FACTORING AGREEMENT**

On 28 April 2022, the Company entered into the Factoring Agreement with Dayuan Tiandi, pursuant to which the Company has agreed to provide accounts receivable factoring service for Dayuan Tiandi with a factoring principal amount of RMB7,950,000, in return for (i) factoring interest income; and (ii) transfer of the legal title of accounts receivables created in the ordinary and usual course of business of Dayuan Tiandi with its lessee(s) (i.e. debtor(s) of Dayuan Tiandi) from Dayuan Tiandi to the Company.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

Dayuan Tiandi is a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transaction contemplated under the Factoring Agreement constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios (other than the profit ratio) as defined in the GEM Listing Rules in respect of the transaction contemplated under the Factoring Agreement are more than 0.1% but less than 5%, such transaction is subject to the reporting, announcement and annual review requirements, but is exempted from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As one applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the transaction contemplated under the Factoring Agreement exceeds 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **THE FACTORING AGREEMENT**

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If there is any event of default of the terms of the Factoring Agreement, the Company may exercise its right of recourse and demand for repurchase of the accounts receivables by Dayuan Tiandi. In such event, Dayuan Tiandi shall be liable to pay the factoring expenses, default compensation and the outstanding factoring principal amount to the Company.

The principal terms of the Factoring Agreement are set out as follows:

Date of agreement:	28 April 2023
Parties:	the Company (as factor) Dayuan Tiandi (as seller)
Type of facility:	One-off and with recourse
Financing term:	28 April 2023 to 27 April 2024 (or the date on which the factoring principal amount and factoring expenses are fully settled, whichever is the later).
Transfer of accounts receivables:	Subject to the terms and conditions of the Factoring Agreement, the accounts receivables of Dayuan Tiandi as referred to in the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement shall be assigned to the Company.

Factoring principal amount: The factoring principal amount is RMB7,950,000.

Such factoring principal amount is calculated by the aggregate amount of accounts receivables to be assigned to the Company times the factoring ratio in accordance with the terms of the Factoring Agreement.

Payment of factoring principal amount: Subject to the satisfaction of the terms and conditions as set out in the Factoring Agreement, the Company shall pay the factoring principal amount to Dayuan Tiandi.

The payment shall represent the accounts receivables being assigned to the Company times the factor ratio in accordance with the terms of the Factoring Agreement.

Factoring ratio: The factoring ratio, which represents the ratio of the maximum factoring principal amount to the accounts receivables being assigned, under the Factoring Agreement shall not exceed 80%.

Factoring interest: The factoring interest shall be calculated based on the following formula:

$$\frac{A \times B}{360} \times C$$

A = the outstanding balance of the factoring principal amount

B = the interest rate of 10% per annum

C = the actual number of days of the advancement

The factoring interest under the Factoring Agreement shall be payable by Dayuan Tiandi to the Company on a monthly basis pursuant to the terms of the Factoring Agreement and the underlying transaction documents entered into between the parties pursuant to the Factoring Agreement.

- Repayment of the factoring principal amount: Pursuant to the terms and conditions of the Factoring Agreement and the underlying transaction documents entered into between the parties, the factoring principal amount are repayable at the same time of paying the last instalment of factoring interest.
- Factoring expenses: The factoring expenses comprise (i) the factoring interest; (ii) the default interest in respect of the outstanding factoring principal amount and the factoring interest due but not repaid; and (iii) other expenses incurred by the Company in the course of rendering the accounts receivable factoring services and shall be payable by Dayuan Tiandi pursuant to the terms of the Factoring Agreement.
- Repurchase: The Company shall be entitled to demand Dayuan Tiandi to immediately and unconditionally repurchase the outstanding amount of accounts receivables being transferred to the Company, repay the outstanding factoring principal amount and pay the factoring expenses in the event that any of the triggering events as stipulated in the Factoring Agreement occurs, including but not limited to the following major triggering events:
- (i) Dayuan Tiandi has commercial dispute with its debtor(s) in respect of the underlying contract(s);
  - (ii) the Company being unable to receive the timely payment in full of the accounts receivables by the debtor(s) of Dayuan Tiandi as a result of the credit risk of the debtor(s) of Dayuan Tiandi;
  - (iii) Dayuan Tiandi waiving or offsetting the payment of the accounts receivables transferred to the Company without giving notice to the Company;

- (iv) the debtor(s) of Dayuan Tiandi being merged, divided, reorganised, the assets of the debtor(s) of Dayuan Tiandi being transferred, the fund of the debtor(s) of Dayuan Tiandi being misappropriated, the business operation of the debtor(s) of Dayuan Tiandi being ceased or suspended, etc, which has adverse effect to the repayment of the accounts receivables;
- (v) the debtor(s) of Dayuan Tiandi being involved or possibly involved in any major economic dispute, litigation, arbitration;
- (vi) the debtor(s) of Dayuan Tiandi selling, leasing, transferring or otherwise disposing of its major assets, or the entire or substantial part of its assets; and
- (vii) such other circumstances which the Company deems appropriate for Dayuan Tiandi to repurchase the outstanding amount of the accounts receivables.

Guarantee:

Mr. Gong Liang (貢亮) entered into a guarantee in favour of the Company in respect of all debt payable by Dayuan Tiandi to the Company under the Factoring Agreement.

The provision of factoring facility by the Company under the Factoring Agreement will be financed by the internal resources of the Group.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The entering into of the Factoring Agreement would enable the Group to earn factoring interest income. The terms of the Factoring Agreement were agreed between the Company and Dayuan Tiandi after arm's length negotiations between the parties and are on normal commercial terms with reference to other comparable transactions the Group conducted with Independent Third Parties, the lending capacity of the Company, the credit assessment on Dayuan Tiandi and the amount of accounts receivables to be assigned to the Company by Dayuan Tiandi under the Factoring Agreement .

Adopting the Company's prudent approach in selecting factoring customers, the Company has critically assessed the quality of the accountable receivables of Dayuan Tiandi by considering the background of its debtors, their repayment history and their financial position. The Company took into consideration that the Factoring Agreement is with recourse and with a guarantee by Mr. Gong Liang, on which the Company had performed a credit assessment with satisfactory results. The Company also considered Dayuan Tiandi's history as a cooperative factoring customer of the Company. After applying the set of criteria the Group uses to assess the likelihood of repayment by the borrower and the collectability of principal and interest, the Company considers the credit assessment of Dayuan Tiandi to be satisfactory, and that the credit risk on the Factoring Agreement is relatively low.

As Ms. Gong Xiaoting, being an executive Director, is the daughter of Mr. Gong Liang who owns 45% equity interest in Dayuan Tiandi while Mr. Peng Qilei and Ms. Liu Jing who served as the management at Dayuan Tiandi and various related companies of Dayuan Tiandi, they have abstained from voting on the Board resolution in relation to the transaction contemplated under the Factoring Agreement. Save as disclosed above, none of the other Directors are deemed to have a material interest in the transaction contemplated under the Factoring Agreement and, hence they are not required to abstain from voting on the Board resolution in relation to such transaction.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Factoring Agreement is in the ordinary and usual course of business of the Group, and the terms of the Factoring Agreement are on normal commercial terms, fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the provision of financial leasing, factoring and advisory services, and customer referral services and the supply of medical equipment, investments holding, provision of 5G base stations site space and energy storage business in the PRC.

## **INFORMATION ON DAYUAN TAINDI**

Dayuan Tiandi is a company established in the PRC with limited liability and is principally engaged in real estate development. As at the date of this announcement, based on the public information available, Dayuan Tiandi is owned as to 55% by Mr. Zhao Dehua (趙得驊) and 45% by Mr. Gong Liang (貢亮) respectively.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

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## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“Company”	FY Financial (Shenzhen) Co., Ltd. (富銀融資租賃(深圳)股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on GEM
“Dayuan Tiandi”	Beijing Municipality Dayuan Tiandi Property Development Co., Ltd. (北京市大苑天地房地產開發有限公司), a company established in the PRC and a substantial shareholder of the Company
“Directors”	the directors of the Company
“Factoring Agreement”	the with-recourse commercial factoring agreement dated 28 April 2023 entered into between the Company (as factor) and Dayuan Tiandi (as seller) in respect of the accounts receivable factoring services to be provided by the Company to Dayuan Tiandi with a factoring principal amount of RMB7,950,000

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries as at the date of this announcement
“H Share(s)”	the overseas-listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of and not connected with (within the meaning of the GEM Listing Rules) any directors, supervisors, chief executive or substantial shareholders of the Company, its subsidiaries and their respective associates
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) with nominal value of RMB1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules

By order of the Board  
**FY Financial (Shenzhen) Co., Ltd.**  
**Mr. Li Peng**  
*Chairman*

Hong Kong, 28 April 2023



As at the date of this announcement, the Board comprises:

*Executive Directors:*

Mr. Li Peng (李鵬)

Mr. Weng Jianxing (翁建興)

Ms. Gong Xiaoting (貢曉婷)

*Non-executive Directors:*

Mr. Peng Qilei (彭期磊)

Ms. Liu Jing (劉敬)

*Independent non-executive Directors:*

Mr. Fung Che Wai Anthony (馮志偉)

Mr. Hon Leung (韓亮)

Mr. Liu Shengwen (劉升文)

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM made by The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at [www.fyleasing.com](http://www.fyleasing.com).*